Juniper

Internal Scrutiny Report
2021-22

Academy: Michaela Community School
Review: **June 2022**

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Executive Summary

This report provides assurance that adequate controls are being operated within the academy, based on the understanding that the information provided during the review is accurate and complete. It should be noted however that recommendations to improve controls, if implemented, cannot guarantee that fraud or misappropriation could not occur.

Recommendations raised in the report issued should be considered by the board of trustees / Audit and Risk Committee to assist them in providing assurance over the suitability of, and compliance with, the systems and operational controls in place.

No fraud was identified or reported to us for the 2021-22 period. It remains the responsibility: of management to manage the control environment to help identify potential fraud and prevent the likelihood of fraud occurring.

Introduction

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The Academy trust handbook section 3.1 specifies “all academy trusts **must** have a programme of internal scrutiny to provide independent assurance to the board that its financial and non-financial controls and risk management procedures are operating effectively”. Providing that the trust has selected a scope of work for financial and non-financial controls and has considered its risk register, this Internal Scrutiny Annual Report demonstrates how the trust meets the Academy trust handbook 2021 requirement for financial areas.

Please note that this report is an exception report and therefore only contains the details of any issues arising from the review of the scope of work detailed below.

Scope

The relevant board approved the below scope of work:

Procurement	Payroll	Governance Framework
Review to establish the effectiveness of controls and processes for all areas of procurement.	Review to determine the appropriateness and effectiveness of the controls and processes in place, around administration, approval, and segregation of duties in all areas of payroll processing.	Internal scrutiny of controls and processes relating to Policies, Transparency, Publication of information.
Related party transactions	Payroll process	**Review 2of2**
Purchase card	Segregation of duties	Internal Scrutiny
Quotations	Financial regulations	Publication
Tenders	Sample testing	Unresolved Issues
Authorisation levels	Mileage and subsistence	
Expenditure sample testing	Additional hours	
Value for Money	Special payments	
Unresolved issues	Unresolved issues	

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Individual recommendations Key:

High Priority: Trustees must review this recommendation as a priority.

Medium Priority: Internal controls should be strengthened to minimise risk**.**

Low Priority: Internal control could be strengthened in line with best practice, but little risk of material loss.

Summary of Findings

High Priority
Checks performed to verify items listed in the scope of work found no high priority findings.

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Medium Priority			
Payroll			
Segregation of Duties	It was advised that the Finance Manager and Operations Manager both have the functionality to administer and approve contract changes and additional hours on the EPM payroll system.	While it is acknowledged that the governing body have reviewed and approved the current process it is still advised that to achieve an appropriate segregation of duties the person responsible for administering a payroll transaction should not also have approver permissions. The current process does not ensure that all payroll changes have to be passed to the Headteacher for approval and payroll reports that are Excel based can be manipulated. If the governing body continue to accept the risk associated with this process then this should be endorsed **annually** in the minutes of an appropriate governing body meeting.	
	Management Response: This is to ensure that the payroll can be administered in the absence of the either the Operations Manager or the Finance Manager, approved annually by governors. Add to agenda for meeting on 06.07.22	Responsibility: Finance Manager to ensure that governors review annually	Due Date: 06.07.22

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Low Priority			
Procurement			
Value for Money	The trustees do not have regular oversight of contract listing.	The Self-Assessment Checklist (SAC) support notes Q35 published by the Department for Education states that for good practice: "The register should be shared with trust boards or local governing bodies, depending on the scheme of delegation, regularly to make them aware of any upcoming milestones in the contract register timetable and provide them an opportunity to challenge procurement plans." The review should be recorded in the minutes of an appropriate meeting	
	Management Response: Last reviewed July 2021, add to agenda for meeting on 06.07.22.	Responsibility: Finance manager to ensure annual review or more often if contracts change	Due Date: 06.07.22

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Low Priority			
Payroll			
Authorisation	Payroll contracts changes had not been approved in accordance with the Finance Policy.	All changes to an employee's contract pay and conditions must be approved as specified in the academy's Finance Policy.	
	Management Response: Not sure what this refers to, will seek clarification.	Responsibility:	Due Date:
Special Payments	The academy's Finance Policy does not specify who may authorise severance payment, compensation payments or ex-gratia payments to staff members.	The academy's Finance Policy should be updated to include who may authorise severance payments, compensation payments or ex-gratia payments to be made to academy staff.	
	Management Response: Will add section to Finance Policy	Responsibility: Finance Manager	Due Date: Autumn term

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Notes / Areas for Consideration

Procurement	
Related Parties	The Finance Manager advised that the academy has not transacted with any related parties so far during the current financial year. Attention is drawn to sections 5.43 to 5.54 of the Academies Financial Handbook. The academy should ensure adherence to the requirements in the handbook should they enter into any transactions with related parties in the future.
Tenders	It was advised that there have been no commitments raised /expenditure this financial year that exceeds the tender limit specified in the academy's Finance Policy. It was therefore not possible to test the tender process. The academy should ensure that the policy stipulated in the academy's Finance Policy is adhered to for any future commitments/expenditure exceeding the tender limit.
Employment Status Service Check	Whilst there were no examples in the sample reviewed of suppliers to which employed status / intermediaries' legislation may apply, the information included in this note was discussed during the review.. The academy must ensure that the information used to determine the employment status is correct. If the school disputes the HMRC result or the tool returns an 'unable to determine' result, it is advised that the school contacts HMRC to discuss and verify the result. (Telephone number: 0300 123 2326.)

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Notes / Areas for Consideration	
Quotations	Evidence was held on file showing two competitive quotations had been obtained for sound proofing. The contract was awarded to Overs Interior Solutions Ltd on the basis of reliability of service. This was not the lowest quotation received. If the lowest competitive quotation has not been accepted then a file note explaining this should be attached to the purchase order and the reason recorded in the minutes of a relevant board meeting.

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KEY CONTACTS

Juniper Education Review Consultant	Glenys Keeble
Juniper Review Programme Manager	Joanne Ward - ACCA
Information Provided by	Finance Manager
Exit meeting attended by	Finance Manager
Chair of the Board of Trustees	Chidi Amadi
Accounting Officer / Headteacher	Katharine Birbalsingh
Chief Financial Officer / Finance Manager	Ali Mansfield
Financial Accounting System	Sage 50 Accounts Professional

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EMERGING ISSUES

CYBER SECURITY

Cyber security has continued to be a growing area of concern and risk over the past 18 months, with more people working remotely and an increased frequency of email hacking, phishing and malvertising. The July 2020 governance update advises that schools should include an assessment of cyber security within their risk registers, and the ESFA have produced further guidance and suggested questions that trustees can ask on the National Cyber Security Centre website.

GDPR

An increasing number of schools are incurring unplanned costs, both direct and indirect, because of the increase in basic, and easily avoidable, data protection incidents and poorly managed school communications. This is combined with the increasing awareness of data subject of their right to bring a claim [on average in the order of £5,000 per claimant], directly against a school, leading to considerable potential risk to a school. Our GPDR associate has created a briefing video which helps you understand the changing risk to your school and employ some basic strategies and resources to help mitigate them and protect your school against unplanned costs. If you would like access to this briefing, please contact carly.quickcrockford@junipereducation.org

USEFUL LINKS

ACADEMY TRUST HANDBOOK

The Academy trust handbook 2021 is effective from September 2021. Trustees should ensure that they have read this document and noted any changes to ensure any new requirements are adhered to.

https://assets.publishing.service.gov.uk/media/60c8d0318fa8f57ce8c4621e/Academy_trust_handbook_2021.pdf

INTERNAL SCRUTINY IN ACADEMY TRUSTS

This good practice guide provides guidance for trustees, audit and risk committees, accounting officers, and chief financial officers (CFOs) in academy trusts.

Internal scrutiny in academy trusts - GOV.UK (www.gov.uk)

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